

Attachment

Major Revisions
OMB Circular A-73, "Audit of Federal
Operations and Programs." June 20, 1983

The Circular sets forth policies to be followed by Federal audit organizations in the audit of their agencies' organizations, programs, activities and functions. Since the Circular was last revised in 1978, a number of legislative and audit policy changes have occurred. The principal ones are the following:

- ° Statutes establishing Inspectors General in major departments and agencies were enacted.
- ° Statutes authorizing block grant programs were enacted and implementing regulations issued.
- ° The President's Council on Integrity and Efficiency was established.
- ° OMB Circular A-50, "Audit followup," was revised September 29, 1982.
- ° OMB Circular A-102, Attachment P, "Audit requirements for State and local governments," was issued in January 1981.
- ° OMB Circular A-123, "Internal control systems," was issued October 28, 1981.

As a result of the above, the following major changes have been made to the requirements section (paragraph 8) of the Circular:

- ° The section on organization and staffing has been changed to parallel some of the requirements contained in the Inspectors General legislation. For example, the Circular now requires non-statutory audit organizations to report to the head or deputy head of the agency.
- ° Specific references are now made to coordination between the audit organization, the designated followup official, investigative units, and other management review activities.
- ° A reference to the need for adequate training of the professional staff was inserted.

- A new section was added to clarify the requirement for each audit organization to maintain records of its audit universe which identifies the organizations, programs, activities, and functions subject to audit.
- The section on establishing criteria for determining audit priorities has been amended to include reference to the vulnerability assessments and internal control reviews required by Circular A-123, "Internal control systems." Also, the criteria was reordered and clarified.
- The section on reliance on non-federal audits was revised to reflect the responsibility of recipient organizations to arrange for audits of federally assisted programs as required by OMB Circulars A-102 (single audit concept), A-110, and the authorizing statutes and regulations for block grant programs. The responsibility of federal audit organizations for auditing these programs was revised accordingly.
- The section on preparation of annual audit plans has been revised and clarified to require specific data on the programs and operations which have been selected for audit. Also, a requirement that the plan be reviewed with the head or deputy head of the agency has been added.
- The section on coordination of audit work has been changed and new paragraphs have been added describing the respective roles in the audit process of the President's Council on Integrity and Efficiency and the National and Regional Intergovernmental Audit Forums.
- The section on audit followup, contained in the March 1978 Circular and November 1979 revision to this section, has been completely revised. Policies for audit followup are now set forth in Circular A-50, "Audit followup." This section now restates the importance of management action on audit recommendations and references Circular A-50.